

MEMORANDUM FOR:



Dick Kaufman seemed interested when I described your magna opera to him over the phone. Let's hope he comes up with a solution.

Hans Heymann, Jr.

cc: NIO/Econ
cc: DD/SOVA

Date

3 June 1983

Chrono

The Director of Central Intelligence

Washington, D.C. 20505

National Intelligence Council

31 May 1983

Mr. Richard Kaufman
Assistant Director
Joint Economic Committee
United States Congress
Senate Dirksen Building
Washington, D. C. 20510

Dear Dick:

Attached is the latest edition of [] periodic effort to compute the "planetary product" that I mentioned to you in our recent telephone conversation. It is a long-standing tour de force by [] and a highly idiosyncratic effort at that.

As I mentioned to you, [] has now virtually completed a follow-on version which brings the estimates up through 1982 and recomputes the data in constant 1982 U.S. Dollars. The peculiarities of his methodology are as follows:

- o The study uses the purchasing power parity method of transposing foreign GNPs into U.S. Dollars.
- o The approach avoids the problem of exchange rate conversion which skews the results by a random 10-20 percent, depending upon how sharply exchange rates fluctuate.
- o The method includes adding somewhere between a 20-40 percent supplement to reported GNPs in particular third world regions, to compensate for output that conventional national income accounting fails to pick up.
- o [] uses standard Census Bureau estimates for the population of the 160+ nation states he covers.
- o All of the GNP and population data for the previous years are on computer disks and can be updated and reprogrammed to add the latest data for 1981 and 1982.

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- o We have a consultant, [] who stands ready to review [] draft and put it in clean publishable form.

I believe that [] work is interesting and valuable. For a quick impression of the kind of thing it tell us, please look at his summary table in the attached volume (page iv). Among other things, it points up that:

- o The US commands twice as much economic fire power as the USSR.
- o NATO and Japan together command three times as much economic fire power as the Warsaw Pact.
- o The LDCs account for three-quarters of the world's population, but only one-quarter of its output.

In addition, [] highly personal observations are provocative and unconventional; his style is not everybody's cup of tea, but he makes you think. His tables on the percentage growth in national GNPs and per capita GNPs are another valuable feature.

If you can think of any way of getting an update of the attached volume into print by some JEC mechanism, it would be a great help. Call me [] if you have any thoughts on this.

Sincerely yours,



Hans Heymann, Jr.

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